



WC 04-231

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June 14, 2004

Bradley K. Gillen  
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bgillen@wrf.com

**BY MESSENGER**

FCC/MELLON JUN 14 2004

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
P.O. Box 358145  
Pittsburgh, Pennsylvania 15251-5145

**Re: Partner Communications Cooperative and Iowa Telecommunications Services, Inc. Application for Authorization Pursuant to Section 214 of the Communications Act of 1934, as Amended, for Transfer of Control of the Baxter, Melbourne, Rhodes, and State Center Exchanges**

Dear Ms. Dortch:

Please find enclosed an original and six (6) copies of an application for Federal Communications Commission approval to transfer control of the Baxter, Melbourne, Rhodes, and State Center exchanges from Iowa Telecommunications Services, Inc. to Partner Communications Cooperative. Also enclosed is a completed FCC Form 159 and a check made payable to the FCC in the amount of \$860.00 for filing fees associated with this application. Please direct any questions with respect to this filing to the undersigned.

Respectfully submitted,

  
Bradley K. Gillen

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, DC 20554**

In the Matter of )  
 )  
**Partner Communications Cooperative** )  
 )  
and )  
 )  
**Iowa Telecommunications Services, Inc.** )  
 )  
Application for Authorization Pursuant to )  
Section 214 of the Communications Act of 1934, )  
as Amended for Transfer of Control of )  
the Baxter, Melbourne, Rhodes, and )  
State Center Exchanges )  
\_\_\_\_\_ )

File No. \_\_\_\_\_

**APPLICATION FOR TRANSFER OF CONTROL OF THE BAXTER,  
MELBOURNE, RHODES, AND STATE CENTER EXCHANGES**

Iowa Telecommunications Services, Inc. ("Iowa Telecom" or "Transferor") and Partner Communications Cooperative ("Partner" or "Transferee") (collectively the "Applicants"), by their undersigned counsel, and pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214 (the "Act"), and Section 63.04 of the rules of the Federal Communications Commission ("FCC" or the "Commission"), 47 C.F.R. § 63.04, hereby request authority to transfer control of the Baxter, Melbourne, Rhodes, and State Center exchanges (the "Exchanges") from Iowa Telecom to Partner, a total of 2,030 lines. As described in this application, Iowa Telecom has agreed to sell the Exchanges to Partner, which will continue to provide service to Iowa Telecom's former customers upon completion of the transaction.

Pursuant to Section 63.04(a) of the Commission's rules, the Applicants provide the following information in support of this transaction:

**(1) Applicants' Name, Address and Telephone Number**

Transferor: Iowa Telecommunications Services, Inc.  
P.O. Box 1046  
115 South Second Avenue West  
Newton, Iowa 50208

Telephone: (641) 787-2677  
Facsimile: (641) 787-2468

Transferee: Partner Communications Cooperative  
P.O. Box 8  
Gilman, Iowa 50106

Telephone: (641) 498-7540  
Facsimile: (641) 498-7308

**(2) State of Organization**

- (a) Iowa Telecom is a corporation organized under the laws of the State of Iowa.
- (b) Partner is a cooperative organized under the laws of the State of Iowa.

**(3) Contact Information**

All correspondence, notices and inquiries regarding this transaction should be addressed to:

**Transferor:** D. Michael Anderson  
Vice President – External Affairs  
Iowa Telecommunications Services, Inc.  
P.O. Box 1046  
115 South Second Avenue West  
Newton, Iowa 50208

Telephone: (641) 787-2357  
Facsimile: (641) 787-2347

**Copies of all correspondence, notices, and inquiries should also be addressed to:**

Gregory J. Vogt  
Bradley K. Gillen  
Wiley Rein & Fielding, LLP  
1776 K. St., N.W.  
Washington, D.C. 20006

Telephone: (202) 719-7000  
Facsimile: (202) 719-7049

*Counsel for Iowa Telecom*

**Transferee:** Donald S. Jennings  
EVP/General Manager  
Partner Communications Cooperative  
101 E. Church St.  
P.O. Box 8  
Gilman, Iowa 50106

Telephone: (641) 498-7701  
Facsimile: (641) 498-7308

**Copies of all correspondence, notices, and inquiries should also be addressed to:**

David Cosson  
Kraskin, Moorman & Cosson, LLC  
2120 L Street, NW, Suite 520  
Washington, DC 20037

Telephone: (202) 296-8890  
Facsimile: (202) 296-8893

*Counsel for Partner*

**(4) Ten percent (10%) Equity Shareholders**

Iowa Telecom:<sup>1</sup>

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<sup>1</sup> The ownership structure for Iowa Telecom may change as a result of its pending initial public offering. See Domestic Section 214 Application for Transfer of Control of Iowa Telecommunications Services, Inc. and Iowa Telecom Communications, Inc., DA 04-1248 (Apr. 30, 2004); *International Authorizations Granted*, DA 04-1534 (May 27, 2004).

Iowa Network Services, Inc.  
4201 Corporate Drive  
West Des Moines, Iowa 50266-5906  
Citizenship: United States  
Principal Business: Telecommunications  
Percent Owned: 57 percent

FS Private Investments III, LLC  
520 Madison Avenue  
12<sup>th</sup> Floor  
New York, New York 10022  
Citizenship: United States  
Principal Business: Financial Services  
Percent Owned: 28 percent

Partner:

None

**(5) Certification Pursuant to Rules 1.2001-1.2003**

Applicants hereby certify, pursuant to 47 C.F.R. §§ 1.2001-1.2003, that to the best of their knowledge, information, and belief, no party to the application is subject to denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.

**(6) Description of Transaction**

The Applicants, both independent incumbent local exchange carriers (“LECs”), have entered into an Asset Purchase Agreement in which Iowa Telecom has agreed to transfer its customer base and assets in the Exchanges to Partner. Partner currently operates as a competitive local exchange carrier (“CLEC”) in the Baxter and Melbourne exchanges, and serves approximately 13 percent of the residential and business lines in all of the Exchanges (314 out of 2,344 total lines). Post-consummation, Partner will continue to offer the services currently offered to Iowa Telecom customers in these Exchanges, including local telephone service, interLATA and intraLATA long distance service. Moreover, Partner intends to provide acquired

customers with a number of Internet access options including dial-up, DSL access, and cable modem service, as well as additional services including cable service.

The Asset Purchase Agreement also provides for Iowa Telecom's acquisition of approximately 3,500 dial-up and high-speed Internet access customers from Partner in Newton, Grinnell, Tama, Toledo, and Marshalltown. Iowa Telecom will additionally serve as the wholesale provider of Internet access services to Partner. In order to protect the interests of the acquiring party and the integrity of this transaction, Iowa Telecom will not compete as a provider of voice and Internet services in the four Exchanges it intends to sell to Partner for a five-year period, and Partner will not compete as an Internet Service Provider ("ISP") in the exchanges in which it sells its Internet access customers to Iowa Telecom for the same five-year period.

**(7) Geographic Description**

Iowa Telecom is an independent incumbent LEC headquartered in Newton, Iowa. Iowa Telecom currently provides local exchange and exchange access service and dial-up and high-speed Internet services to residential and business customers in 294 exchanges widely distributed throughout the State of Iowa, comprising a total of approximately 260,000 access lines.

Partner is headquartered in Gilman, Iowa. It is an established telecommunications carrier that provides incumbent local exchange and exchange access services as well as Internet access services (dial-up and DSL access) to residential and business customers (approximately 1,488 access lines total) in the small rural central Iowa communities of Gilman and Kellogg (each with a population of about 600). Partner presently serves the Baxter and Melbourne exchanges as a CLEC. Partner's incumbent service areas do not overlap and are not adjacent to the Exchanges. A map of Iowa highlighting the Exchanges, and the local service areas of Iowa Telecom and Partner is attached as Exhibit A.

**(8) Streamlined Treatment**

The Applicants do not request streamlined treatment even though this application stand-alone would qualify for streamlining under FCC rules. Specifically, Section 63.04(b)(2)(iii) would apply because the Applicants are both independent incumbent LECs that have fewer than two percent of the nation's subscriber lines with no overlapping or adjacent service areas. Streamlined treatment is not requested due to the Applicant's separate waiver requests referenced under (11) below.

**(9) Other Related Applications Before the Commission**

None.

**(10) Statement of Imminent Business Failure**

Not applicable.

**(11) Separately Filed Waiver Requests**

The Applicants have filed study area, average schedule, and NECA carrier common line tariff waiver requests concurrently with this Application.

**(12) Public Interest Statement**

This transaction largely mirrors the recently approved acquisition of three rural Iowa Telecom exchanges by Heart of Iowa Communications Cooperative ("Heart of Iowa"). *Wireline Competition Bureau Grants Consent for Acquisition of Local Exchange Assets of Iowa Telecom by Heart of Iowa*, DA 04-1449 (May 21, 2004). In that instance, Heart of Iowa, a rural cooperative, acquired three adjacent exchanges from Iowa Telecom. The FCC found that transaction to be in the public interest, convenience, and necessity. Here, Partner, also a small

rural cooperative, seeks to acquire four exchanges from Iowa Telecom. In both transactions, the acquiring cooperative was an active competitor in some or all of the exchanges to be acquired prior to the Iowa Telecom's purchase of the exchanges from GTE Midwest. Notably, this transaction is different because the exchanges Partner will acquire are not adjacent to Partner's incumbent service area.

The benefits to consumers and to both companies in this application correspond to the public interest benefits found in the Heart of Iowa transaction. In particular, affected customers will be able to purchase from Partner a complete bundle of voice, high-speed Internet access, and video services for the first time. In addition, Partner has committed to provide customers a price reduction. Customers may also benefit from Partner's cooperative structure, which provides for local management, and the ability of all customers to be an owner of the cooperative, including the right to vote for the cooperative's Board of Directors.

Partner itself will benefit from new economies of scale and administratively simpler operations as a result of the transaction. Iowa Telecom's telecommunication services, in turn, would be strengthened through subtraction, permitting Iowa Telecom to focus greater resources on its remaining exchanges throughout the state, better positioning the company to provide new services (*i.e.*, broadband) to its customers in a shorter timetable in its rural exchanges and to modernize its network. The inverse holds true for Iowa Telecom's Internet business because this transaction will provide Iowa Telecom with greater scale with which to develop its Internet operations on both a retail and wholesale basis.



In addition to the Heart of Iowa acquisition, this transaction is consistent with other transactions approved by the Commission, involving proximate service areas.<sup>2</sup> The same considerations apply in this instance, in particular, the existence of a major national carrier in the closest large population center to the Exchanges, Qwest in Marshalltown.<sup>3</sup> Moreover, unlike in those instances, this transaction is not a full-fledged combination of competing providers; rather, this transfer involves only four small exchanges being transferred between two rural providers, both of which will be stronger and more vibrant as a result of the transfer.<sup>4</sup> Accordingly, consistent with precedent, the proposed transaction will serve the public interest, convenience and necessity by strengthening two small providers, and by directly benefiting all impacted consumers.

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<sup>2</sup> *Joint Applications of Telephone and Data Systems, Inc. and Chorus Communications, Ltd. For Authority to Transfer Control of Commission Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 22, 63, and 90 of the Commission's Rules, Memorandum Opinion and Order*, 16 FCC Rcd 15293 ¶ 9 (Comm. Car. Bur. 2001) (“*Chorus*”) (“In this case, TDS and Chorus are actual competitors for local exchange and exchange access services in the Madison area.”); *Joint Application of Global Crossing Ltd., and Citizens Communications Company for Authority to Transfer Control of Corporations Holding Commission Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 20, 22, 63, 78, 90, and 101 of the Commission's Rules, Memorandum Opinion and Order*, 16 FCC Rcd 8507 (Comm. Car. Bur., Int'l Bur., Cable Serv. Bur., Wireless Bur. 2001) (“*Global Crossing/Citizens*”) (adjacent service areas in four states).

<sup>3</sup> See *Chorus* at n. 26 (“SBC-Ameritech, the largest incumbent LEC in Wisconsin, is the incumbent LEC in the City of Madison.”).


<sup>4</sup> In *Global Crossing/Citizens*, the Commission highlighted the small size of the exchanges in question, which were equal to, if not much larger, than the Exchanges at issue in this Application. See *Global Crossing/Citizens* at ¶ 7.

**Conclusion**

For the foregoing reasons, Iowa Telecom and Partner respectfully request that the Commission promptly grant this Application.

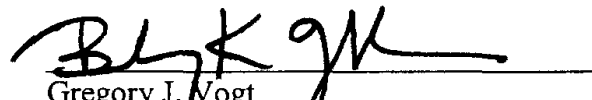
Respectfully Submitted,

**PARTNER COMMUNICATIONS  
COOPERATIVE**

  
David Cosson  
KRASKIN, MOORMAN & COSSON, LLC  
2120 L Street, NW, Suite 520  
Washington, DC 20037  
(202) 296-8890

*Counsel for Partner  
Communications Cooperative*

**IOWA TELECOMMUNICATIONS  
SERVICES, INC.**

  
Gregory J. Vogt  
Bradley K. Gillen  
WILEY REIN & FIELDING LLP  
1776 K Street, NW  
Washington, DC 20006  
(202) 719-7000

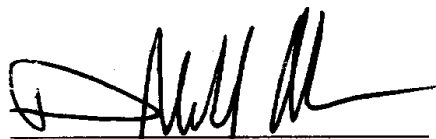
*Counsel for Iowa Telecommunications  
Services, Inc.*

June 14, 2004

# **DECLARATION OF D. MICHAEL ANDERSON**

I, D. Michael Anderson, Vice President – External Affairs of Iowa Telecommunications Services, Inc., (“Iowa Telecom”) declare under penalty of perjury that Iowa Telecom, including all officers, directors, or persons holding five percent or more of the outstanding stock or shares (voting and/or non-voting) of Iowa Telecom as specified in Section 1.2003(b) of the Commission’s Rules, is not subject to denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Executed on: 05/26/04

A handwritten signature in black ink, appearing to read 'D. Michael Anderson', written over a horizontal line.

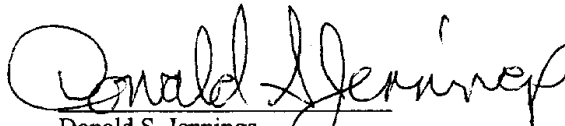
D. Michael Anderson  
Vice President – External Affairs  
Iowa Telecommunications Services, Inc.

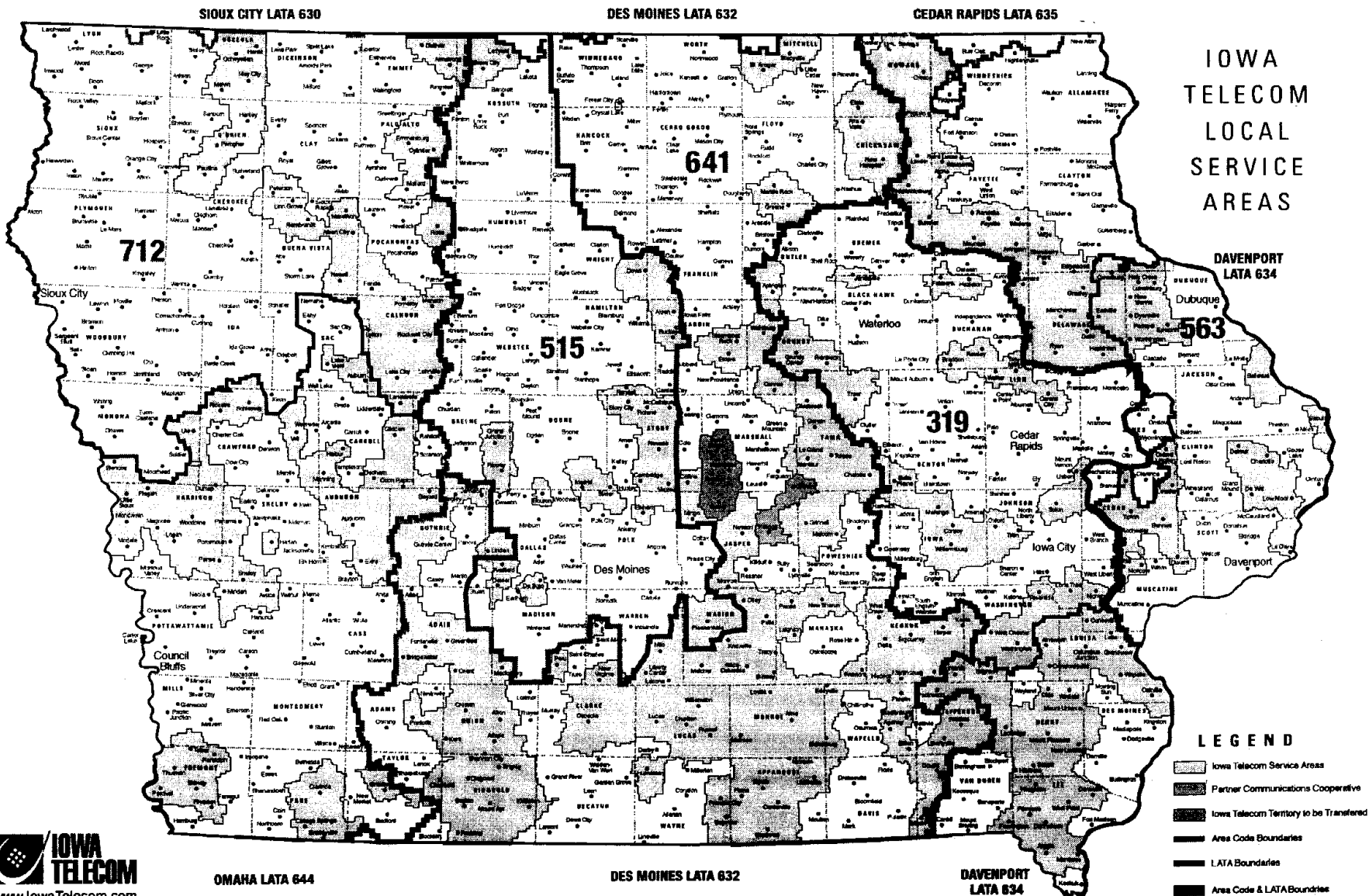
# **DECLARATION OF DONALD S. JENNINGS**

I, Donald S. Jennings, EVP/General Manager of Partner Communications Cooperative, ("Partner") declare under penalty of perjury that Partner, including all officers, directors, or persons holding five percent or more of the outstanding stock or shares (voting and/or non-voting) of Partner as specified in Section 1.2003(b) of the Commission's Rules, is not subject to denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Executed on:

6/8/04

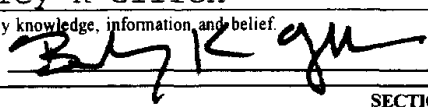
  
Donald S. Jennings  
EVP/General Manager  
Partner Communications Cooperative



READ INSTRUCTIONS CAREFULLY  
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION  
REMITTANCE ADVICE

Approved by OMB  
3060-0589  
Page 1 of 2

(1) LOCKBOX #  358145		SPECIAL USE ONLY	
		FCC USE ONLY	
<b>SECTION A - PAYER INFORMATION</b>			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Wiley Rein & Fielding LLP		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) 860.00	
(4) STREET ADDRESS LINE NO. 1 1776 K Street NW			
(5) STREET ADDRESS LINE NO. 2			
(6) CITY Washington		(7) STATE DC	(8) ZIP CODE 20006
(9) DAYTIME TELEPHONE NUMBER (include area code) (202) 719-7401		(10) COUNTRY CODE (if not in U.S.A.)	
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>			
(11) PAYER (FRN) 0002151744		(12) FCC USE ONLY	
<b>IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET</b>			
(13) APPLICANT NAME Iowa Telecommunications Services, Inc.			
(14) STREET ADDRESS LINE NO. 1 P.O. Box 330			
(15) STREET ADDRESS LINE NO. 2			
(16) CITY Grinnell		(17) STATE IA	(18) ZIP CODE 50112
(19) DAYTIME TELEPHONE NUMBER (include area code) (641) 269-7807		(20) COUNTRY CODE (if not in U.S.A.)	
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>			
(21) APPLICANT (FRN) 0003911385		(22) FCC USE ONLY	
<b>COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET</b>			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY	
(26A) FEE DUE FOR (PTC) 860.00	(27A) TOTAL FEE 860.00	FCC USE ONLY	
(28A) FCC CODE 1		(29A) FCC CODE 2	
(23b) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1		(29B) FCC CODE 2	
<b>SECTION D - CERTIFICATION</b>			
<b>CERTIFICATION STATEMENT</b> I, <u>Bradley K Gillen</u> , certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE <u></u> DATE <u>June 14, 2004</u>			
<b>SECTION E - CREDIT CARD PAYMENT INFORMATION</b>			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s) authorization herein described.			
SIGNATURE _____		DATE _____	

SEE PUBLIC BURDEN ON REVERSE

FCC FORM 159

FEBRUARY 2003 (REVISED)

FEDERAL COMMUNICATIONS COMMISSION  
REMITTANCE ADVICE (CONTINUATION SHEET)  
Page No 2 of 2

SPECIAL USE

FCC ONLY

USE THIS SECTION ONLY FOR EACH ADDITIONAL APPLICANT  
SECTION BB - ADDITIONAL APPLICANT INFORMATION

(13) APPLICANT NAME

Partner Communications Cooperative

(14) STREET ADDRESS LINE NO. 1

101 East Church Street

(15) STREET ADDRESS LINE NO. 2

P.O. Box 8

(16) CITY

Gilman

(17) STATE

IA

(18) ZIP CODE

50106

(19) DAYTIME TELEPHONE NUMBER (include area code)

(641) 498-7701

(20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) REQUIRED

(21) APPLICANT (FRN)

0007183619

(22) FCC USE ONLY

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID

(24A) PAYMENT TYPE CODE

(25A) QUANTITY

(26A) FEE DUE FOR (PTC)

(27A) TOTAL FEE

FCC USE ONLY

(28A) FCC CODE 1

(29A) FCC CODE 2

(23B) CALL SIGN/OTHER ID

(24B) PAYMENT TYPE CODE

(25B) QUANTITY

(26B) FEE DUE FOR (PTC)

(27B) TOTAL FEE

FCC USE ONLY

(28B) FCC CODE 1

(29B) FCC CODE 2

(23C) CALL SIGN/OTHER ID

(24C) PAYMENT TYPE CODE

(25C) QUANTITY

(26C) FEE DUE FOR (PTC)

(27C) TOTAL FEE

FCC USE ONLY

(28C) FCC CODE 1

(29C) FCC CODE 2

(23D) CALL SIGN/OTHER ID

(24D) PAYMENT TYPE CODE

(25D) QUANTITY

(26D) FEE DUE FOR (PTC)

(27D) TOTAL FEE

FCC USE ONLY

(28D) FCC CODE 1

(29D) FCC CODE 2

(23E) CALL SIGN/OTHER ID

(24E) PAYMENT TYPE CODE

(25E) QUANTITY

(26E) FEE DUE FOR (PTC)

(27E) TOTAL FEE

FCC USE ONLY

(28E) FCC CODE 1

(29E) FCC CODE 2

(23F) CALL SIGN/OTHER ID

(24F) PAYMENT TYPE CODE

(25F) QUANTITY

(26F) FEE DUE FOR (PTC)

(27F) TOTAL FEE

FCC USE ONLY

(28F) FCC CODE 1

(29F) FCC CODE 2